

The following letter was sent to:

Senator Ted Stevens
Chairman
Committee on Appropriations U.S. Senate

Senator Robert C. Byrd
Ranking Minority Member
Committee on Appropriations, U.S. Senate

The Honorable Bill Young
Chairman
Committee on Appropriations U.S. House of Representatives

The Honorable David R. Obey
Ranking Minority Member
Committee on Appropriations, U.S. House of Representatives

The Honorable Ralph Regula
Chairman
Subcommittee on Labor, Health and Human Services, Education, and Related Agencies
U.S. House of Representatives

Senator Arlen Specter
Chairman
Subcommittee on Labor, Health and Human Services, and Education
Committee on Appropriations U.S. Senate

Senator Tom Harkin
Ranking Minority Member
Subcommittee on Labor, Health and Human Services, and Education
Committee on Appropriations U.S. Senate

I am writing to you on behalf of the Social Security Advisory Board to express our strong support for adequate funding for the administrative costs of the Social Security Administration.

Nothing the Federal Government does touches the lives of Americans more closely and importantly than the work of the Social Security Administration. More than 50 million people depend on the benefits it sends out each month. Over 150 million workers pay Social Security taxes each year to earn protection for themselves and their families against the loss of income that comes with retirement, disability, or the untimely death of a wage earner. These beneficiaries and taxpayers rightly expect the agency administering the

Social Security programs to meet the goals of providing an excellent level of service to the public and maintaining the highest level of integrity in managing the enormous public funds entrusted to its care.

Unfortunately, in recent years the Social Security Administration has not been able to live up to these high, but appropriate expectations. As we pointed out in our March 2002 report, *SSA's Obligation to Ensure that the Public's Funds Are Responsibly Collected and Expended*: "The reality, however, is that with the current level of resources these two goals do not appear to be attainable in any meaningful way." (p.3) Despite the best efforts of thousands of hard-working and dedicated employees, the agency has experienced serious deficits in the level of service that it is able to provide and has been forced to defer important integrity actions while still seeing unacceptable backlogs in processing claims.

Over the past several years, the Social Security Advisory Board has closely examined the operations of the agency and found many areas in which improvement is needed. We are encouraged by the efforts that are now underway to apply advances in technology in ways that will make the Agency more productive and to develop an improved disability determination process that can reduce the time it takes to reach decisions while improving the quality of administration at all levels.

But, for those necessary improvements to succeed, it is essential that the agency receive adequate resources to deal with the workloads which have been continually increasing. When Congress made the Social Security Administration an independent agency, it recognized that the budget of the agency should be based on a careful examination of what was needed to carry out its responsibilities. It directed the Commissioner of Social Security to base appropriation requests on a comprehensive workforce plan. To carry out this mandate, the Commissioner of Social Security undertook to develop a service delivery budget to determine the levels of funding necessary to handle the workloads that the agency faces. Because of this, the agency has been able to craft a budget plan that will enable it over the next few years to reduce the backlogs that now exist.

The Board believes that the administrative budget developed by the Commissioner should be fully funded. Although the administrative costs of the Social Security program are treated as "discretionary" from a budget perspective, these programs are a very basic and direct Federal responsibility, and the failure to provide adequate funds to administer them has results that are anything but discretionary. If the agency does not have adequate funding, it will have to continue to postpone program integrity actions, which means losing programmatic savings well beyond the administrative resources involved. For example, continuing disability reviews return \$10 in cost savings for every dollar expended, and a similarly favorable ratio applies to spending on efforts to

collect overpayments. And inadequate administrative funding also means that eligible claimants—who already face overly long waits for benefits—endure even longer processing delays. For example, the agency has calculated that a 1 percent reduction in their administrative budget could translate into 56,000 fewer hearing decisions—a process that already takes the average claimant more than a year.

While the Board supports the full level of administrative funding proposed by the Commissioner of Social Security, we are aware that funding in the President's budget is somewhat lower although it still represents an increase over current levels. As indicated above, we think a strong case can be made for the larger amount both on budgetary grounds and on the grounds of responsibility to provide appropriate service to the aged and disabled people of our Nation. In any event, however, we strongly urge the Appropriations Committee to provide at least the level of administrative resources for the agency that is proposed in the President's budget.

Sincerely,

Hal Daub